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Department of
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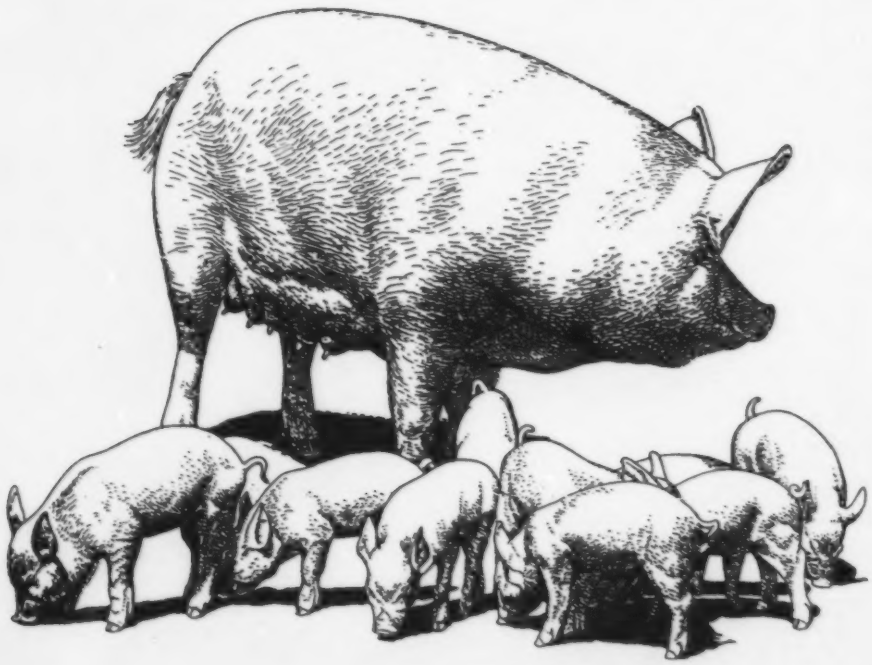
Swine Farm Business Summary

1990



FARROW TO FINISH

PREFACE

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The 1990 Nova Scotia Swine Farm Business Summary is a synopsis of the business performance of twenty-two (22) Nova Scotia Farrow-to-Finish Swine Farms for their 1990 fiscal year.

Please note that the farms used in this summary were not selected on a random sample basis; rather, the farmers involved volunteered their data for use in the summary. This fact should be taken into consideration in the use and interpretation of the results shown in the various tables of this summary.

Despite this limitation, it is a useful exercise for farmers to compare their individual results with group average figures of farmers with similar characteristics. Such comparisons can provide the farm manager with useful information that can be used in making management decisions. However, the best information obtained is the farmer's own records and a comparison of these from one year to the next.

The co-operation of the twenty-two (22) swine producers who participated in this summary is gratefully acknowledged.

Thanks are also extended to Jim Houghton and Ronda Bellefontaine who assisted in gathering the data, and to Cheryl Theriau who provided the secretarial work.

Every effort has been made to ensure the accuracy of this report; however, the authors accept full responsibility for any errors or omissions which may inadvertently appear in the final version.

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INTRODUCTION

The Nova Scotia Swine Farm Business Summary is designed to provide bench-mark information which can be used to compare the financial strengths and weaknesses of individual swine farms with similar characteristics. Farm business analysis is an important function of the farm manager-operator. When analyzing the farm business, you should ask meaningful questions in regard to the costs, incomes, efficiencies, and capital investment found in your business. This summary is designed to assist you with those questions and to provide you with basic information for comparison purposes. By identifying the strengths of your business and building on these, you should be able to enhance the profit of your farm business. The profit picture can also be improved by identifying the weak areas and by taking corrective action.

Standards of performance and business progress are matters of personal choice and family goal setting. Each farm situation will have a different set of goals or objectives - a different set of values that you feel must be met through the farm business. You should identify these goals and objectives, and then compare your performance in order to determine whether you are achieving them.

There are several ways that you can compare and analyze your farm performance. These include:

- You can compare your performance this year to that of last year. This is perhaps the best type of comparison. Have you progressed in reaching the goals you have set for your farm business?

- You can compare your performance with group average data for farms of similar size and general characteristics. This report should be useful in this regard.

- You can compare your performance to that obtained by research - realizing that the research data was obtained under a special set of conditions.

In 1990 there were approximately 150 swine producers in Nova Scotia. Basic data for this summary was prepared from twenty-two (22) of these farms through the Province. These twenty-two (22) represent 14.7 percent of the total swine farms in the Province.

The farms included in this summary sold a total of 45,606 hogs. The total for the Province was approximately 228,000 head. Therefore, farms in this summary comprised 20.0 percent of the total hog production in Nova Scotia in 1990.

REVENUE

Revenue from the sale of hogs averaged 88.9 percent of total farm revenue for this group. Market hog sales accounted for 89.6 percent, weanling sales 3.5 percent, breeding stock sales 2.9 percent, cull sows and boars 3.2 percent, and other hogs 0.8 percent.

Total farm revenue was $354,803. on a per farm basis, or $2,604. on a per sow basis.

Total tripartite and provincial cap. revenue was $165. per sow, with revenue of $2,317. from the marketplace. Tripartite revenue includes a payment for the fourth quarter of 1990 which was received in 1991.

REVENUE

ITEM	PER FARM	PER SOW
Market Hogs	$ 282,716.	$ 2,075.
Weanlings	11,039.	81.
Gilts - Breeding Stock	7,908.	58.
Boars - Breeding Stock	1,304.	10.
Cull Sows	9,303.	68.
Cull Boars	830.	6.
Other Hogs	2,510.	18.
TOTAL HOG SALES	$ 315,609.	$ 2,317.
Tripartite, Cap.	22,462.	165.
Subsidies	8,505.	62.
Other Income	8,228.	60.
TOTAL FARM RECEIPTS	$ 354,803.	$ 2,604.

EXPENSES

Purchased feed was the largest cost item and accounted for 64.2 percent of cash expenses and 54.2 percent of total revenue. In dollar terms, feed totalled $1,411. per sow.

Other major expenses were: hired labour at $221., marketing costs and tripartite premiums at $98., and utilities at $79.

EXPENSES

ITEM	PER FARM	PER SOW
Feed Purchased	$ 192,236.	$ 1,411.
Swine Purchased	7,942.	58.
Hired Labour	30,082.	221.
Bedding	254.	2.
Vet & Drugs	3,957.	29.
Hog Supplies	4,423.	32.
Marketing Costs, Tripartite Premiums	13,307.	98.
Utilities	10,716.	79.
Taxes	1,563.	11.
Insurance	3,831.	28.
Building Repairs	10,148.	74.
Machinery & Equipment Expense	6,477.	48.
Auto Expense	2,469.	18.
Interest - Operating	4,961.	36.
Miscellaneous	3,078.	23.
Other Non-Hog Expenses	3,881.	28.
TOTAL CASH EXPENSES	$ 299,325.	$ 2,197.

INCOME SUMMARY

Income is one of the key factors studied when analyzing a farm business. In this table, two (2) measures of income are summarized.

NET CASH INCOME refers to the difference between Farm Cash Revenue and Cash Expenses. This income measure averaged $55,478. per farm or $407. on a per sow basis.

NET FARM INCOME is the difference between Farm Cash Revenue and Cash Expenses with adjustments made for inventory change, depreciation and interest on term debt. Net Farm Income was $26,296. per farm or $193. on a per sow basis for the farms included in this group.

INCOME SUMMARY

ITEM	PER FARM	PER SOW
Total Farm Cash Revenue	$ 354,803.	$ 2,604.
Total Cash Expenses	299,325.	2,197.
NET CASH INCOME	$ 55,478.	$ 407.
Plus: Inventory Change	$ 1,755.	$ 13.
Less: Depreciation	18,002.	132.
Less: Interest on Capital Loans	12,935.	95.
NET FARM INCOME	$ 26,297.	$ 193.

AVERAGE COST OF PORK PRODUCTION

The average cost of producing pork for this sow group was $1.34 per kilogram live weight or $1.72 per kilogram ($0.78/lb) dressed weight.

Note that this cost figure does not include a value for operator labour or interest on equity. Instead, it is a measure of the cost at the Net Farm Income level. No amounts have been added for what are traditionally called "Opportunity Costs".

AVERAGE COST OF PORK PRODUCTION

ITEM	PER FARM	PER SOW
Total Farm Expenses	$ 330,262.	$ 2,424.
Plus: Inventory Adjustment	-1,755.	-13.
Less: Cull Sales	10,133.	74.
Less: Other Income	8,228.	60.
TOTAL COSTS	$ 310,146.	$ 2,277.
Total kgs of Pork Produced (L.W.)	231,389	1,699
Ave. Cost of Production (L.W.)	$ 1.34	$ 1.34
Ave. Cost of Production (D.W.)	$ 1.72	$ 1.72

COST ANALYSIS

Purchased feed was the largest single cost item associated with producing pork. This item averaged 58.2 percent of Total Costs in this group. Other major expenses were: hired labour at 9.1 percent, depreciation at 5.5 percent, and marketing costs and tripartite premiums at 4.0 percent.

COST ANALYSIS

ITEM	PERCENTAGE OF TOTAL COSTS
Feed Purchased	58.2 %
Swine Purchased	2.4
Hired Labour	9.1
Bedding	.1
Vet & Drugs	1.2
Hog Supplies	1.3
Marketing Costs, Tripartite Premiums	4.0
Utilities	3.2
Taxes	.5
Insurance	1.2
Building Repairs	3.1
Machinery & Equipment Expense	2.0
Auto Expense	.7
Interest - Operating	1.5
Miscellaneous	.9
Other Non-Hog Expenses	1.2
Interest - Term Loans	3.9
Depreciation	5.5
TOTAL	100.0 %

FEED ANALYSIS

Feed consumption per hog averaged 4.58 kilograms of creep (pre-starter), 44.48 kilograms of starter, 204.82 kilograms of grower and 65.10 kilograms of sow-boar feed, for a total consumption of 318.99 kilograms of feed. Average feed conversion (Starter and Grower) was 2.64 kilograms of feed for each kilogram of gain.

The total cost of feed per hog was 82.83, and the feed per sow and boar was 1,044 kilograms.

FEED ANALYSIS

ITEM		PER HOG
Creep per Hog	(kgs)	4.58
Cost Creep per Hog	($)	2.84
Starter per Hog	(kgs)	44.48
Cost Starter per Hog	($)	13.43
Grower per Hog	(kgs)	204.82
Cost Grower per Hog	($)	50.52
Sow-Boar Feed per Hog	(kgs)	65.10
Cost Sow-Boar Feed per Hog	($)	16.05
Total Feed per Hog	(kgs)	318.99
Total Feed Cost per Hog	($)	82.83
Ave. L.W. Hog Produced	(kgs)	100.36
Feed Conversion - Starter & Grower		2.64
Feed Cost/kg. L.W. Hog	($)	.83
Feed Cost/100 kgs L.W. Hog Produced	($)	82.53
Feed Cost/100 kgs D.W. Hog Produced	($)	105.81
Creep Cost/Tonne	($)	619.36
Starter Cost/Tonne	($)	301.91
Grower Cost/Tonne	($)	246.65
Sow Ration Cost/Tonne	($)	246.50
Feed per Sow & Boar	(kgs)	1,044

PRODUCTION ANALYSIS

The average size of the units in this study was 136 sows. Production averaged 2.17 litters per sow per year.

There was an average of 23.54 pigs born per sow, with 18.71 of those being weaned. Suckling mortality averaged 19.79 percent.

Sales of market hogs accounted for 86.5 percent of hog sales. Feeder hog mortality averaged 5.38 percent.

PRODUCTION ANALYSIS

ITEM	PER FARM	PER SOW
Number of Sows	136	1.00
Number of Boars	8	.06
Number of Litters	295	2.17
Pigs Born	3,206	23.54
Pigs Born Alive	2,954	21.68
Pigs Weaned	2,549	18.71
Pigs Born per Litter	10.87	-
Pigs Born Alive per Litter	10.01	-
Pigs Weaned per Litter	8.64	-
Suckling Mortality (#)	635	4.66
Suckling Mortality (%)	19.79	-
Weanlings Sold	225	1.65
Breeding Stock Sold	42	.31
Gilts Kept For Replacement	33	.25
Market Hogs Sold	2,073	15.22
Other Hogs Sold	22	.16
Inventory Change	-4	-.03
Purchases	13	.10
Total Hogs Sold	2,395	17.60
Feeder Hog Mortality (#)	137	1.01
Feeder Hog Mortality (%)	5.38	-
Inventory Adjustment	29	.22
Total Pigs Produced	2,411	17.70

PRODUCTION ANALYSIS

Further analysis of production coefficients indicated that market hogs were sold at an average dressed weight of 78 kilograms, and that, the average return, including market revenue, tripartite payments and capital assistance revenue was $147.23 per hog.

The average cull rate for sows was 35.57 percent. There were 51 sows maintained for each man equivalent of labour (hired, operator and family).

PRODUCTION ANALYSIS

ITEM		PER FARM
Ave. Weight per Market Hog (D.W.)	(kgs)	78
Ave. Return per Market Hog	($)	147.23
Sow Mortality	(%)	4.47
Cull Rate on Sows	(%)	35.57
Labour Man Equivalents	(#)	2.66
Sows Kept per Man	(#)	51
Total Sales per Man	($)	134,113
Live Hogs Produced per Man	(kgs)	87,033

SUMMARY

The 1990 Nova Scotia Swine Farm Business Summary provides basic information on the costs and returns associated with farrow-to-finish swine enterprise on Nova Scotia farms. While not based on a statistically sound sample of swine farms, the summary can be used with care to assist in the analysis of the swine enterprise by providing group average data for comparison purposes.

In reviewing the information contained in previous pages, the following points can be noted:

- Average farm size measured in terms of sow numbers was 136 sows.
- Average litters per sow per year was 2.17.
- Average pigs weaned per sow per year was 18.71.
- Total pigs produced per sow per year was 17.70. This includes weanling sales, breeding stock sales, etc.
- Average market hog dressed weight was 78 kilograms.
- Average feed consumption (starter and grower) per market hog was 249.30 kilograms, for a feed conversion of 2.64.
- Average feed cost per hog was 82.83. Average feed costs in 1989 were 94.29 per hog.
- Average cost of production was $1.72 per kg ($0.78 per lb.) dressed weight, a decrease of $0.12/kg from 1989.
- Average net farm income was $193. per sow.

There was extreme variation between farms in this study. This variation existed in most costs, returns and management factors. Below, we outline a number of the variations observed:

- Net Farm Income had a range of $732. per sow between the highest and lowest.
- Total feed cost per sow had a range of $811.
- Kilograms of feed per market hog raised varied as much as 192.56 kilograms.
- Pigs weaned per sow varied as much as 7.86 pigs per year.

- Sows kept per man equivalent had a range of 75 sows between the highest and lowest numbers of sows per man.

With such variation in many of the returns, costs and management factors, it is difficult to isolate specific characteristics that result in a profitable swine unit. It would appear, however, that a number of the key factors of production outlined above, such as production, cost control, and efficient use of capital and labour, are of significant importance in determining the success of the farm unit.